

Company Announcement



Boustead Singapore Limited
(Co. Reg. No. 197501036K)

63 Ubi Avenue 1, #06-01
Boustead House
Singapore 408937

SETTLEMENT REACHED BETWEEN ITE ELECTRIC CO LTD AND SALCON

Singapore, 11 November 2002

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") wishes to announce that Salcon Limited ("Salcon"), a company in which Boustead currently holds a 63.46% interest, has entered into a Deed of Settlement (the "Deed") terminating the conditional Sale & Purchase Agreement made between Salcon and ITE Electric Co Ltd ("ITE") on 18 December 2001 (the "Agreement"). In connection therewith, Boustead has also executed a corporate guarantee (the "Guarantee"), guaranteeing all money due and payable by Salcon to ITE and remaining unpaid under the Deed.

The Agreement

Salcon had on 18 December 2001 entered into the conditional Agreement with ITE to:

- a) Sell to ITE the following shares (the "Sale Shares"):
 - i) 7,199,997 ordinary shares of par value PHP10 each in the capital of Salcon Philippines, Inc;
 - ii) 77,705,162 ordinary shares of par value PHP1 each in the capital of Salcon Power Corporation;
 - iii) 439,998 ordinary shares of par value PHP10 each and an additional 40,000 ordinary shares of par value PHP10 each (pending the issue of such shares to Salcon) in the capital of Salcon International, Inc;
 - iv) 420,197 ordinary shares of par value PHP10 each and an additional 400,000 ordinary shares of par value PHP10 each (pending the issue of such shares to Salcon) in the capital of Salcon Properties & Development Corporation;
 - v) 12,000,000 ordinary shares of par value PHP1 each in the capital of Bohol Water Utilities, Inc;
 - vi) 978,182 ordinary shares of par value S\$1 each in the capital of Salcon BioTechnologies Pte Ltd;
- b) Assign to ITE the loan from Salcon to Salcon International, Inc of PHP37,777,025 (the "Loan"); and

- c) Sell to ITE the property located at 34 Pioneer Sector 2 Jurong, Singapore 628389 (the "Property").

The consideration payable by ITE for the Sale Shares and the Loan was the issue to Salcon of 192,951,356 new ordinary shares of par value S\$0.20 each in the capital of ITE at an issue price of S\$0.2021 for each ordinary share. The consideration payable by ITE for the Property was S\$4.35 million in cash.

Completion of the conditional Agreement has not to date taken place.

The Deed

Salcon and ITE have mutually agreed to terminate the Agreement and to discharge and release each other from all obligations and claims (if any) pursuant to the Agreement, on the terms of and subject to the conditions of the Deed.

Salcon has agreed to pay ITE the sum of S\$825,000, being part of the total costs and expenses incurred by ITE in connection with the Agreement (the "Settlement Sum"). The Settlement Sum is to be paid by Salcon to ITE in 24 equal monthly instalments on the first business day of each calendar month, the first such instalment is to be made on 1 December 2002. If any sum due or payable under the Deed is not paid within seven (7) days after the due date then ITE reserves the right to charge interest on such sum on a day-to-day basis (as well after as before any judgement) from the due date to the date of payment (both dates inclusive) at the rate of two percent (2%) above the prime rate per month or part thereof (compounded). "Prime rate" for the purposes of the Deed means at any particular time the average prime lending rate then quoted by the Development Bank of Singapore Limited, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited.

The Guarantee

The Deed is conditional upon Salcon procuring that Boustead delivers to ITE the Guarantee, guaranteeing all money due and payable by Salcon to ITE and remaining unpaid under the Deed.

Boustead has today duly executed and delivered the Guarantee to ITE.

Financial Effects

Based on the Company's audited consolidated accounts for the year ended 31 March 2002 ("FY2002"), the payment of the Settlement Sum by Salcon pursuant to the terms and conditions of the Deed would have had the following financial effects:

- a) There would have been no significant impact on the consolidated net tangible asset value per share of S\$0.24, assuming that the payment had been made at the end of FY2002; and
- b) The consolidated loss per share would have increased from 2.9 cents per share to 3.2 cents per share, assuming that the payment had been made at the beginning of FY2002.

None of the Directors of Boustead, as far as Boustead is aware, or its controlling shareholders, has any interest, direct or indirect, in the transactions contemplated by the Deed.